

**GOVERNMENT OF PUERTO RICO
PUBLIC SERVICE REGULATORY BOARD
PUERTO RICO ENERGY BUREAU**

NEPR

Received:

Jun 6, 2023

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IN RE:

REVIEW OF LUMA'S INITIAL
BUDGET

CASE NO.: NEPR-MI-2021-0004

SUBJECT: Motion Submitting
Supplemental Responses to ROIs in
Compliance with May 23 Order

**MOTION SUBMITTING SUPPLEMENTAL RESPONSES TO REQUEST FOR
INFORMATION IN COMPLIANCE WITH MAY 23 ORDER**

TO THE HONORABLE PUERTO RICO ENERGY BUREAU:

COMES NOW GENERA PR LLC ("Genera PR"), and respectfully state and request the following:

1. On May 23, 2023, the Energy Bureau of the Puerto Rico Public Service Regulatory Board ("Energy Bureau") issued a Resolution and Order with the subject *Second Requirement of Information* ("ROI") - *Review of LUMA's Proposed Consolidated FY2024 Budgets*. ("May 23 Order"). In its pertinent part, this Energy Bureau ordered LUMA, Genera PR, and PREPA to respond to a Second Requirement of Information ("ROI").
2. The ROIs were detailed in Attachments A and Attachment B to the May 23 Order and sought additional information regarding the Proposed Consolidated FY2024 Budgets.
3. As per the May 23 Order, Genera PR filed a *Motion Submitting Responses for Information in Compliance with the May 23 Order* on June 2, 2023, presenting its responses to the ROI as directed by the same Order. The Motion detailed responses to the items

specified in Attachment A and Attachment B of the ROI, specifically directed towards Genera PR.

4. On the same day, June 2, 2023, Genera PR submitted an *Urgent Request for Extension of Time to Submit Response in Compliance with Order of May 23, 2023, and Request of Clarification of Order* to this esteemed Bureau, seeking additional time to respond to the May 23 Order, and seeking clarification on the Order. Genera PR requested an extension until June 6, 2023, to submit responses to items 51, 57, and 60 of the ROI. In addition, Genera PR sought clarity on whether it should directly file its response to the May 23 Order with this Honorable Energy Bureau, or if it should be filed through LUMA, given that the ROI was related to the proposed budget for FY2024 and this Energy Bureau had previously requested that budget filings be conducted through LUMA.

5. In Compliance with the May 23 Order, Genera PR has incorporated its responses to items 51, 57, and 60 of the ROIs in *Exhibit I* herein.

WHEREFORE, Genera PR respectfully requests that the Energy Bureau **take notice** of the foregoing for all relevant purposes and **deem** its May 23 Order complied with as to the responses to the requests included as Exhibit I herein.

RESPECTFULLY SUBMITTED.

In San Juan, Puerto Rico, this 6th day of June 2023.

We hereby certify that this motion was filed with the Office of the Clerk of the Energy Bureau using its Electronic Filing System at <https://radicacion.energia.pr.gov/login>.

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s/ Jorge Fernández-Reboredo

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s/ Alejandro López-Rodríguez

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CERTIFICATE OF SERVICE

We hereby certify that a true and accurate copy of this motion was filed with the Office of the Clerk of the Energy Bureau using its Electronic Filing System and that we will send an electronic copy of this motion to Joannely Marrero-Cruz, at jmarrero@diazvaz.law; Maralíz Vázquez-Marrero, at mvazquez@diazvaz.law; Margarita Mercado Echegaray, at margarita.mercado@us.dlapiper.com; and Ana Margarita Rodríguez Rivera, at ana.rodriguezrivera@us.dlapiper.com,

In San Juan, Puerto Rico, this 6th day of June 2023

s/ Jorge Fernández-Reboredo
Jorge Fernández-Reboredo

Exhibit I

Genera PR's responses to PREB's 2nd ROI

Supplemental Response to GenCo ROIs in compliance with May 23, 2023 Order

51. Please provide a description, including project status and actual expenditures, for each NME project approved by the Energy Bureau for the FY2022/2023 budget. In developing this description, for any projects deferred, delayed or cancelled, explain the reasons for this deferral, delay or cancellation, and for projects deferred or delayed, please explain how completion of that project is reflected in the proposed FY2023/2024 proposed NME budget.

GPR – PREB ROI 2 – 05-23 #51 – Attached. These files were provided by PREPA.

57. Please describe GENERA's proposed approach for determining cost efficiency savings in developing the proposed budget. In developing this description, please describe what expectation there is that ratepayers will benefit from such savings, and GENERA's planned approach to develop cost baseline targets for assessing cost savings and shared savings under the Generation OMA?

GPR – PREB ROI 2 – 05-23 #57 – PREPA submitted a noncompliant GenCo FY2024 budget of \$480.7mm. Through knowledge gained during mobilization efforts, Genera has independently reviewed and revised that budget to \$301.3mm, compliant with the 2017 Rate Order revenue allocation notified by Administrator/P3A. Genera is committed to performing its obligations of the OMA within the amounts allocated to it.

Genera does not expect significant cost savings in year 1 of the OMA. Certain non-recurring costs are included in the FY2024 budget to achieve longer-term efficiency. These nonrecurring or frontloaded costs include:

1. Augmentation of internal teams/resources with sub-contractors or third parties to fulfill obligations of the OMA while Genera continues to build out teams (i.e., increases to professional & technical services).
2. Costs to achieve separation of the GenCo legal entity from other PREPA legal entities (as requested by PREPA). This included IT strategy development

for separate system solutions, process development, safety, safeguarding of assets, and long-term stability and efficiency.

3. Duplicative costs for licenses, subscriptions, etc., as Genera sets up its separate infrastructure to operate independently from other PREPA legal entities.

Genera will continue to assess opportunities to make changes and implement efficiencies from its commencement throughout FY2024. For operating efficiencies identified and realized, Genera will request to reappropriate funds to NME projects to support its efforts to increase efficiency and achieve long-term reliability and stability.

60. Given the historical incidences of unexpected NME requirements occurring due to plant breakdowns, inspections, etc., does the NME budget reflect any contingency funding to ensure fund availability for projects necessary to maintain generation plant availability and operation, but which are not forecastable at the time of budget development? If no contingency funds are included in the budget, please explain why not. If contingency funds are included in the proposed budget, please explain how this contingency funding is reflected and provide a breakdown of contingency funding amounts.

GPR – PREB ROI 2 – 05-23 #60 - PREPA's GenCo FY2024 budget for NME and Genera's revision of the NME budget does not include contingency funding. Genera's revision of \$84.8mm focused on Highly Critical or Critical projects, which are necessary repairs, inspections, and works to prevent forced plant shutdowns, operational capacity reduction, or fines. The additional maintenance funding of \$49.2mm, identified by Genera, included projects that will improve the fleet's operational efficiency and provide additional stability but does include amounts allocated to contingency funding.

If PREB identifies funds in addition to the revised NME budget and the suggested additional funding identified by Genera, a contingency fund can be created for unexpected breakdowns. Genera would then assess the usage of those funds during the year, and if unused, Genera would allocate them to other necessary projects for the system's reliability and long-term stability.

In the event of an emergency during FY2024, such as an unexpected breakdown that necessitates a permanent forced outage, Genera may consider the following actions: revisiting the operating and non-operating budget for potential and projected surplus and reallocating (with regulators' leave), identifying federally funded projects, revisiting approved NME funds and reallocating from other projects' savings, identifying other sources of funding, or requesting PREB to revisit the allocation and establish a temporary rate.